

To: All Homeland Security Grant Program Grantees

From: Arizona Department of Homeland Security  
Finance & Administration

Re: Essential financial information regarding your  
Homeland Security Grant Award

Date: October 19, 2007

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Congratulations on receiving your FFY 2007 Homeland Security Grant program for the period July 1, 2007 through July 31, 2009.

The following documents are provided for your use to assist you in preparing and submitting your reimbursement requests:

- ◆ Reimbursement Instructions
- ◆ Budget Modification Guidelines
- ◆ Reimbursement Request Cover Page
- ◆ Quarterly Financial Report Template

As part of your Homeland Security Grant Program award, the Arizona Department of Homeland Security (AZDOHS) requires that you submit for financial reimbursement, quarterly financial reporting, and annual A-133 Audit Reports.

**Financial Reimbursement:**

Your financial reimbursement request must be submitted using the cover page provided and include important reimbursement back-up documentation. As a reminder, **funds are distributed on a reimbursement basis only**. You may submit for reimbursement as frequently as monthly; however, reimbursement should be requested at least quarterly.

**Financial Quarterly Reports:**

AZDOHS requires that you submit for a quarterly report of your financial activities associated with your Homeland Security Grant program. Even if your award has \$ 0 expenditures in a reporting period, AZDOHS still requires that you submit a financial quarterly report to indicate this information. Quarterly financial reports are due with the submission of your quarterly programmatic report. A template is provided (that is very similar to your reimbursement cover page) to provide quarterly expenditure reporting information.

**A-133 Requirement:**

Federal OMB Circular A-133 requires that all non-federal entities expending \$500,000.00 or more in federal funds during a fiscal year have an audit conducted in accordance with the terms of the Circular. The Arizona Department of Homeland Security, as a pass-through funding agency, is responsible for 1) assuring that your organization has complied with the requirement by obtaining an audit, and 2) reviewing the audit as a tool for continuous monitoring of subgrantees.

Please provide our Department with a copy of your organization's A-133 audit. If your organization is not required to have an A-133 audit, but does obtain a Financial Statement audit, please provide that audit report to us.

Please note that the AZDOHS manages its grants according to the terms and conditions of the Federal award as well as the rules set forth by the Office of Management and Budget. In return, we manage our subgrantees in a similar manner. This means that programmatic and financial reports must be complete and timely, that expenses are reasonable and allowable, and that management complies with the rules and regulations set forth by the terms and conditions of your award.

All information included in your award packet is important, and it is imperative that whoever within your organization has responsibility for this grant be aware of the terms and conditions of the award, the AZDOHS policies and procedures, and all federal guidelines of the Office of Management and Budget. Any non-compliance in the management of this grant may affect current and future funding with the AZDOHS.

The following guidance documents are provided as a resource in managing your Homeland Security Grant Program.

- FFY 2006 Homeland Security Grants Program Guidance issued by the U.S. Department of Homeland Security at <http://www.dhs.gov>
- OMB Circular A-87, Cost Principles for State, Local & Indian Tribal Governments, at <http://www.whitehouse.gov/omb/circulars/index.html>
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>
- OMB Circular A-102, Grants and Cooperative Agreements with State and Local Governments, at <http://www.whitehouse.gov/omb/circulars/index.html>
- U.S. Department of Homeland Security Financial Guidance Manual available at <http://www.dhs.gov>
- U.S. Department of Homeland Security Authorized Equipment List (AEL) available at <https://www.rkb.mipt.org/ael.cfm>
- 28 CFR applicable to grants and cooperative agreements including Part II, Applicability of Office of Management and Budget Circulars; Part 18, Administrative Review Procedure; Part 20 Criminal Justice Information Systems; Part 22, Confidentiality of Identifiable Research and Statistical Information; Part 23, Criminal Intelligence System Operating Policies; Part 42, Non-discrimination Equal Employment Opportunities Policies and Procedures; Part 61, Procedures for Implementing the national Environmental Policy Act; Part 63, Floodplain Management and Wetland Protection Procedures; and Part 66

It is our pleasure to be working with you this year. If you have questions at anytime, please do not hesitate to contact any member of the Finance & Administration Team or your Strategic Regional Planner.

- Terry Riordan, Finance & Admin Manager, [triordan@azdohs.gov](mailto:triordan@azdohs.gov), at 602-542-7056
- Tim Grubbs, Budget Analyst, [tgrubbs@azdohs.gov](mailto:tgrubbs@azdohs.gov), at 602-542-7062
- Lois George, Grant & Finance Specialist, [Lgeorge@azdohs.gov](mailto:Lgeorge@azdohs.gov), at 602-542-7047
- Jessica Thiers, Grant & Finance Specialist, [Jthiers@azdohs.gov](mailto:Jthiers@azdohs.gov), at 602-542-7037
- Michael Stidham, Equipment Specialist, [mstidham@azdohs.gov](mailto:mstidham@azdohs.gov), at 602-542-7041